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DIA, OSD and DOS review(s) completed.

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GENERAL

1. Progress of US-UK talks on Palestine--Harriman reports that US and UK representatives in London now are "thinking along the lines" of dividing Palestine into two partially self-governing provinces, one Arab and one Jewish, under an overall central government. The British have indicated no desire for US military aid or for US participation in a trusteeship.

The British propose to invite Arab and Jewish representatives to discuss the plan in London, if possible before the General Assembly convenes on 23 September. Although willing to have the US participate in the discussions, the British feel that such participation might be out of line with their mandatory responsibilities.

The British have indicated their intention to bring the matter before the UN in case the proposed solution is not accepted by the Arabs and Jews.

2. Trygve Lie to consult with Soviets on veto--Embassy Oslo reports that Trygve Lie, before departing for Moscow on 20 July, informed the UK Ambassador that he plans to "speak earnestly" to the Soviets about the veto power and hopes to persuade them that it is in their own interest to employ it "very sparingly."
3. Portuguese policy on implementation of Azores air agreement--The US Commanding General at Santa Maria now reports that a conference with the Portuguese representative at Lagens has indicated that Portuguese instructions to their local authorities will prevent any "generous implementation" of the 30 May agreement. The local Portuguese commander considers that (a) US rights are strictly limited to transit privileges, (b) a US camp at Lagens with a sizeable detachment for US management of weather facilities and communications is unacceptable, (c) implementation of the 30 May agreement can not be considered as a transitional phase toward long-term US rights.

EUROPE-AFRICA

4. POLAND: Lange demands independent Polish policy--According to US Embassy Warsaw, Oscar Lange has informed the Polish Government that

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NO CHANGE in Class. ☐

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he cannot resume his activity as Polish Delegate to the UN unless his Government decides to follow an independent policy based entirely on Polish interests.

Lane recommends US note on coming elections--According to Ambassador Lane, the official results of the recent referendum indicate that the Government circumvented an honest expression of public opinion, and is determined to prevent a Government defeat in the coming national elections. Lane recommends that the US warn the Poles that the elections cannot be considered free if they are conducted in the same manner as the referendum.

5. HUNGARY: Increasing political unrest in rural areas--US Minister Schoenfeld reports that according to Sandor Szentivanyi (leader of the moderate Citizens Democratic Party) Hungarian parish priests under the "perhaps mistaken" impression that they follow the policies of Cardinal Mindszenty are encouraging anti-Soviet, anti-Communist, and anti-Semitic feeling among peasants. Szentivanyi adds that the repressions of the Communist-controlled political police are causing unrest, and that rural areas are "ripe for civil war."
6. SPAIN: Spanish Communists alleged preparing invasion--Embassy Madrid has received from the Foreign Office a document, "presumably" based on Spanish intelligence reports, alleging that Spanish Communists in south France are preparing, with the complicity of French authorities, to invade Spain. The Communists are said to have organized about 10,000 men in international brigades, and to have the assistance of Soviet officers carrying French identification.
7. FRENCH MOROCCO: Uprisings in near future considered unlikely--US Consul General Tangier transmits the unanimous opinion of US military, naval and diplomatic officers at Casablanca and Rabat that Nationalist uprisings in French Morocco are unlikely in the "foreseeable future" (see Daily Summary of 20 July, item 8). All agree, however, that in view of developments in the Middle East troubles will occur unless the French make "real" efforts to assist the Moroccans toward self-government within a few years.
8. DENMARK: Danes to operate Faroes Loran station--According to Legation Copenhagen, the Danes are planning to operate the Faroes Loran station

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with their own naval personnel, who are to be trained by the British and are expected to complete their training within one month. The Legation notes that this arrangement eliminates the necessity for US instructors and for a request to PICAQ (Provisional International Civil Aviation Organization) for assistance (see Daily Summary of 19 July, item 10).

FAR EAST

9. CHINA: Communists "notified" to release captured Marines--According to US Naval Headquarters in Peiping General Yeh Chien-ying, Communist Commissioner in Peiping Executive Headquarters, states that he has "notified" local Communists to release seven captured US Marines to the US Army Executive Headquarters Field Team.

Resumption of UNRRA shipments--Consul General Davis at Shanghai believes that conditions in Chinese ports now warrant the immediate resumption of UNRRA shipments of medical, transportation and agricultural rehabilitation supplies, but suggests that such resumption be deferred until China provides its own relief agency, CNRRA, with sufficient operating funds. The Central Bank of China now plans to delay advances of local currency to CNRRA until the Bank is satisfied that CNRRA could repay loans out of the proceeds of sales of UNRRA goods.

THE AMERICAS

10. ECUADOR: Political tension expected--Ambassador Scotten reports that the political situation is expected to be tense and uncertain on 10 August when the Constituent Assembly meets to either confirm Velasco Ibarra as President or to elect a new one. The army has, however, indicated that it will support the Government and a coup d'etat does not appear likely. Scotten suggests that, in view of the expected strained atmosphere, it would be advisable for Admiral Halsey to delay his proposed arrival on 11 August to at least 14 August.

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